REMARKS/ARGUMENTS

The Applicants respectfully request further examination and consideration in view of the amendments above and the arguments set forth fully below. Claims 1-4, 6-10, 12, 13, 15-21, 23, 27-30, 34-36, 40, 41, and 43-51 were previously pending in this application. Claims 1-4, 6-10,

5   12, 13, 15-21, 23, 27-30, 34-36, 40, 41, and 43-51 stand rejected under 35 U.S.C. 103(a). By the above amendments, claims 1 and 45 are amended. Accordingly, claims 1-4, 6-10, 12, 13, 15-21, 23, 27-30, 34-36, 40, 41, and 43-51 are currently pending in this application.

RESPONSE TO ADVISORY ACTION

10   Within the Advisory Action, the Examiner acknowledges that both recommend-it and MileNet are advertiser-based models. However, the Examiner again takes Official Notice that it is well known for an existing customer to recommend a person or service that he or she is familiar with and for the customer to receive a reward when the recommended user signs up for the service. The Examiner uses the example of a Bank giving an existing customer discounts if

15   the existing customer recommends a family of friend that becomes a member of the institution. The Applicants have repeatedly addressed this issue, and repeat those remarks below. However, the Examiner again fails to address the Applicants' contention that the Official Notice does not teach a reward for a purchase transaction. As previously argued, the Official Notice taken by the Examiner is not directed to a purchase-based model. Specifically, what is the purchase event

20   associated with establishing and maintaining a checking account with the Bank? A Bank account is not a marketable entity that is purchased by a user, as claimed . A Bank account is a service. A user opens a bank account free of charge. There is no purchase transaction in this case. Depositing money in the bank account is also not a purchase, as the depositor maintains ownership of the money. The Bank makes money by subsequently using the money deposited

25   by the user to make loans to other users, and charging those users an interest rate for the loan. As

such, the Official Notice does not teach the claimed limitations directed to a purchase-based model.

CLAIM AMENDMENTS

5   Within the Office Action and the Advisory Action, the Examiner makes the analogy between the claimed marketable entity and the Web Deck Software of recommend-it. The Web Deck Software is offered by a third party, Web Deck. The service provided by recommend-it merely provides a link to the Web Deck website. Once at the Web Deck website, any subsequent purchase made by the user is performed by Web Deck, not the recommend-it service. As such,

10   Web Deck and recommend-it are two separate and distinct services/companies that function independently of each other.

MileNet is not cited for purchasing a marketable entity. MileNet is cited as teaching a pyramid type of incentive that rewards a first party with increased MileNet points based on a first user recommendation. As acknowledged in the Office Action and the Advisory Action, the

15   MileNet website makes money from the advertisers, not from the purchase of a marketable entity.

Accordingly, neither recommend-it, MileNet, nor their combination teach a Service Provider that provides both a referral-based service and the marketable entities to be purchased by a user, as claimed. Further, neither recommend-it, MileNet, nor their combination teach a

20   Service Provider that implements the referral-based service and performs any purchase transaction of the marketable entity.

CLAIM REJECTIONS UNDER 35 U.S.C. §112

Within the Office Action, claim 45 is rejected under 35 U.S.C. 112, second paragraph, as

25   depending from canceled claim 42. By the above amendments, claim 45 is amended to depend

on claim 43.

CLAIM REJECTIONS UNDER 35 U.S.C. §103(a)

Within the Office Action, claims 1-4, 6-10, 12, 13, 15-21, 23, 27-30, 34-36, 40, 41, and

5   43-51 are rejected under § 103(a) as being unpatentable over the article titled "recommend-

it.com" (hereinafter "recommend-it") in view of "How MileNet Works" (hereinafter "MileNet").

The Applicants respectfully traverse this rejection.

Recommend-it teaches a service whereby a first user can recommend a website to a

second user. The recommendation comes in the form of an email sent by the recommend-it

10   service to the second user. To initiate the recommendation, the first user completes a form

provided by the recommend-it service. The recommendation form includes an option for the first

user to receive a promotional newsletter. Although this option is presented on the same form that

the first user fills out to recommend the website, the promotional newsletter is not an actual

reward for making the recommendation because the promotional newsletter can be received

15   regardless of whether the first user makes the recommendation. There is no hint, teaching, or

suggestion within recommend-it that the first user makes a purchase as a prerequisite for making

the recommendation. There is also no hint, teaching, or suggestion within recommend-it that the

first user only receives a reward once a purchase is made by a second user, where the purchase by

the second user is in response to a recommendation sent by the first user.

20   MileNet is cited for offering a reward in exchange for a recommendation. The Examiner

states that MileNet teaches a pyramid type of incentive wherein the first user increases their

MileNet points based on friends and family installing and using MileNet. Mile Net is used by

each user downloading the MileNet software. There is no purchase required for this download,

nor is any purchase of a marketable entity associated with subsequently using the MileNet

25   software.

The Applicants previously argued that the claimed limitations are differentiated from the combination of recommend-it and MileNet in that each purchase is affirmatively completed. Specifically, the claimed limitations are directed to two separate purchasing events. In response, the Examiner takes Official Notice that it is well known for an existing customer to recommend a

5   person to a service that he or she is familiar with and for the customer to receive a reward when the recommended user signs up for the service. The Examiner uses the example of a bank that gives existing customer discounts if the existing customer recommends a family or friend that becomes a member of the institution and that this would allow the institution to give away incentives to existing customers that recommend prospective customers that results in a sale.

10   The Official Notice taken by the Examiner is directed a general customer-vendor relationship. In contrast, the present invention is directed to offering and receiving a reward for each specific product/service (marketable entity) purchased. In other words, the present invention is purchase event-driven. As applied to the bank example cited by the Examiner, what is the purchase event that triggers a reward offer and eventually awards the reward? Being an

15   existing "customer" does not necessitate that a purchase event is performed. For example, being a member of a bank does not indicate any "purchase" is made by the customer. In the claimed limitations, an actual purchase is the triggering event that initiates the rewards program. The first purchase triggers the ability to make a recommendation. The recommendation is not made without this first purchase event. A second purchase, connected specifically to the first purchase

20   by way of the recommendation, then triggers the awarding of the reward. The reward is not awarded without the second purchasing event. Neither recommend-it, MileNet, nor the Official Notice teach two separate purchase triggering events.

Further, the present invention teaches a reward event specifically generated in response to the first purchase. The Official Notice refers to a general recommendation that a person may

25   give in the hopes of receiving a referral-based reward. However, a specific reward event is not

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provided to the person making the recommendation, where the reward event is a specific offer to make a recommendation, the offer tied to a specific purchase event, and the reward event includes the ability to make a recommendation. The recommendation is not made without the reward event. The reward event is claimed in terms of "offering a reward to the first party in

5   response to the first party purchasing the marketable entity." (Emphasis added)

The Examiner further contends that recommend-it and MileNet make money from the advertisers and therefore "motivating [sic] users to make purchases by the use of advertisements on the recommended website." However, "motivating" users to make purchases is not the same as actually transacting a purchase. To further this point, the Examiner acknowledges that "the

10   purchases are not for the marketable entity." (Office Action, Page 7, paragraph 9) However, this is exactly what is claimed, that the two purchasing events are specifically related to purchasing the marketable entity. Specifically, claim 1 includes "transacting a purchase for a marketable entity by a first party" and "providing the reward to the first party if the second party purchases the marketable entity."

15   Within the Office Action, the Examiner contends that the models disclosed by recommend-it, MileNet, and the Official Notice teach the same as the purchase-based model of the present invention. The Applicants respectfully disagree with this conclusion. The models disclosed in recommend-it, MileNet, and the Official Notice are directed to advertisement-based models and paid-referral based models, which are both different than purchase-based models. In

20   purchase-based models, there is actual revenue flow between a customer (purchaser) and a vendor (website operator). In advertisement-based models, no such revenue flow exists. A website operator endeavors to attract users to their website by offering free services (such as free online games offered by the WebDeck Software website in the recommend-it reference) or free information. The website includes many advertisements, which the user may or may not choose

25   to access. The advertisers pay the website operator to display their advertisement. However, the

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user accessing the website pays nothing. This is similar to a television viewer choosing to watch

a specific television show, but the advertisers are the one that pay to display their advertisements,

not the television viewer. This payment is made whether or not a user is "motivated" to make a

purchase via the advertisement. This is not the same as the purchase-based model of the present

5   invention where a first party makes an actual purchase of a marketable entity.

Paid-referral-based models are offshoots of advertisement-based models, where the

website operator is paid a referral fee by the advertiser if the user that accesses the website links

to the advertisers website by "clicking" the advertisement. Paid-referral-based models can also

be expanded where the website operators, such as recommend-it, attempt to attract users to other

10   third party websites, such as WebDeck Software (see recommend-it). When a user accesses the

third party website via the intermediate website operator (recommend-it) or the website

operator's service (the recommend-it recommendation service), the website operator is paid for

the referral. However, again this payment is made whether or not a user is "motivated" to make a

purchase once clicking the advertisement. In the advertisement-based models and the paid-

15   referral-based models, payment is made, but between the website operator (recommend-it) and

the third party advertiser. No actual "purchase" of a marketable entity is made, and certainly no

purchase of a marketable entity is made by a user of the website operator, as in the purchase-

based model.

The Examiner contends that since referral-based marketing is well known (the Official

20   Notice using the bank as an example), such referral-based marketing teaches the claimed

purchase-based model. The Applicants agree that referral-based marketing is a well known and

implemented general concept. The question is how is a specific referral-based marketing plan

implemented? The referral-based marketing concept is extremely broad and can be implemented

in tens, if not hundreds or thousands of different ways, some of which are new and inventive. To

25   say that an advertisement-based model or a paid-referral-based model is the same as a purchase-

based model because it is well known that advertisements entice people to make purchases or use

services (Office Action, Page 4, lines 6-7) is not appropriate because these are different types of

models. The purchase-based model, when used in conjunction with a reward program, provides

a significant distinction over advertisement-based models and paid-referral-based models in that

5   the credibility of the recommendation is greatly enhanced because the recommender actually paid

money for the recommended product or service.

Even further, to broadly state that an advertisement-based model or a paid-referral-based

model can be simply adapted to include purchase-based aspects is unfounded in general, and

unclear in the specifics as to which specific purchase-based aspects are to be added. The claimed

10   invention is specifically directed to two separate purchase transactions being made in order for a

reward to be awarded. Not only do recommend-it and MileNet fail to teach any purchased-based

steps (as acknowledged by the Examiner), but inclusion of the Official Notice regarding the well

known aspects of an existing customer recommending a person to a service that he or she is

familiar also fails to clearly define the specific two purchase-based steps of the claimed

15   limitations. The Examiner is using hindsight in view of the present invention to bridge this gap

and to define the specific implementation steps related to the two separate purchase-based steps

as claimed.

Still further, the Examiner states that recommend-it teaches recommending the claimed

marketable entity. As such, the "marketable entity" is the WebDeck Software offered on the

20   WebDeck Software website. The claimed limitations include "transacting a purchase for a

marketable entity by a first party" and "offering a reward to the first party in response to the first

party purchasing the marketable entity", where the purchase triggering event is the purchase of

the marketable entity. However, as the Examiner contends that it is the WebDeck Software that

is the marketable entity, the purchase triggering event would be the purchasing of the WebDeck

25   Software. Recommend-it includes no such teaching. The recommendation provided by

recommend-it is unrelated to any purchase being made at the WebDeck Software website. As such, recommend-it does not teach the purchase triggering event that leads to offering a reward.

For at least these reasons, the combination of recommend-it, MileNet and the Official Notice fail to teach the claimed limitations as included in the independent claims 1, 46, and 50.

5   Claims 2-4, 6-10, 12-13, 15-21, 23, 27-30, 34-36, 40-41, and 43-45 depend from independent claim 1. Claims 47-49 depend from the independent claim 46. Claim 51 depends from the independent claim 50. Because the dependent claims 2-4, 6-10, 12-13, 15-21, 23, 27-30, 34-36, 40-41, 43-45, 47-49, and 51 are dependent on allowable base claims, they are also allowable.

10   **Additional Allowable Subject Matter**

Dependent claim 8 includes "wherein the step of forwarding the first e-mail message to the second party comprises the steps of (a.) forwarding the first e-mail message from the first party to the second party, and (b.) forwarding an authenticating e-mail message from the first party to a provider of the first Web site, the authenticating e-mail message comprising a first

15   serial number and the e-mail address of the second party, the authenticating e-mail message thereby enabling the second party to access the first Web site and transact for the marketable entity." Recommend-it specifically teaches forwarding the first email message from the recommend-it service to the second party (Recommend-it, page 2, left frame lines 1-4). Recommend-it does not teach forwarding the first email message from the first party to the

20   second party, as claimed in claim 8.

Dependent claim 9 includes "wherein the step of forwarding the first e-mail message to the second party and the step of forwarding the authenticating e-mail message to the provider are performed as the result of a single mail command initiated by the first party." As stated above in

25   regard to claim 8, recommend-it specifically teaches forwarding the first email message from the

recommend-it service to the second party. Recommend-it does not teach forwarding the first email message from the first party to the second party, and also forwarding an authenticating email from the first party to the provider <u>as a result of a single mail command initiated by the first party</u>, as claimed in claim 9.

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Dependent claim 28 includes "wherein the offer of rewards to the first party and the second party in exchange for recommendations is metered according to an algorithm, wherein the first party is granted a privilege of forwarding a greater number of e-mail messages than the second party, each of the e-mail messages comprising a personalized referral for the marketable entity and a set of data, the set of data comprising a serial number and a URL link to a Web site having an offer to transact the exchange for the marketable entity." Within the Office Action, claim 28 is rejected due to Official Notice. The Examiner contends that it is well known in the business related arts to credit an account and to have included crediting an account within a database and recording the reward credited. However, crediting an account is not related to the subject matter of claim 28. Claim 28 is directed to the offering of the reward, not the awarding of the reward. As previously discussed, offering the reward is related to the reward event, where a recommendation is made by the first party, but only in direct response to a purchase event. Claim 28 details that the reward event can include the ability to offer the reward to multiple different parties, and that the breadth by which this offering can be made is greater for the first party than for the second party. Neither recommend-it nor MileNet teach such a limitation. Further, the Official Notice also fails to teach this limitation.

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CONCLUSION

In view of the foregoing, Applicants believe all claims now pending in this application

are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is

respectfully requested. If the Examiner believes that a telephone conference would expedite

5   prosecution of this application, the Examiner is encouraged to contact the undersigned at (408)

530-9700.

Respectfully submitted,

10   HAVERSTOCK & OWENS LLP

Dated: 12-29-08   By: _Thomas B. Haverstock_

                                   Thomas B. Haverstock

                                   Reg. No. 32,571

15   Attorneys for Applicant